

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Figueroa Analyst: Kristina North Bill Number: SB 493

Related Bills: See Previous Analysis Telephone: 845-6978 Amended Date: May 13, 1999

Attorney: Patrick Kusiak Sponsor:

**SUBJECT:** California Birth Defects Research Fund

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO NEUTRAL.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED FEBRUARY 18, 1999, STILL APPLIES.

☒ OTHER - See comments below.

### SUMMARY OF BILL

Under the Administration of Franchise and Income Tax Law, this bill would allow taxpayers to make a voluntary contribution on their personal tax income returns to the California Birth Defects Research Fund, which would be placed on the tax return when another voluntary contribution fund is removed.

### SUMMARY OF AMENDMENT

The May 13, 1999, amendment replaces:

- ◆ the January 1, 2005, repeal date with January 1<sup>st</sup> of the fifth taxable year following this fund's addition to the tax return;
- ◆ the year that this fund must meet the minimum contribution amount from beginning in taxable year "2000" to "the first taxable year"; and
- ◆ the year for which the minimum contribution amount is adjusted for inflation from "calendar year 2001" to "the second calendar year."

The April 29, 1999, amendment required that the California Birth Defects Research Fund not be added to the tax return until another voluntary contribution fund is removed. This would resolve the implementation concerns discussed in the department's analysis of the bill as introduced February 18, 1999.

Except for these changes, the new technical consideration, informational background, and the updated Board position, the remainder of the department's analysis of the bill as introduced February 18, 1999, still applies.

#### Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input checked="" type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Department/Legislative Director Date

**Johnnie Lou Rosas** **6/10/1999**

#### **IMPLEMENTATION CONSIDERATION**

This bill does not provide an "ordering rule" to determine placement on the return should other voluntary contribution funds be enacted with the same requirement that another be removed before it is added. Without an ordering rule, in those cases the department would place new contributions on the return based on the chaptering order of the bills creating the funds. It might be appropriate for the author to include this, or another ordering rule, in the bill.

#### **TECHNICAL CONSIDERATION**

This bill would require the department, beginning in "the first taxable year," to estimate if contributions to this fund would be less than the \$250,000 minimum contribution amount, and in "the second calendar year" to adjust the minimum contribution amount for inflation. The author may wish to clarify that the fund must meet the minimum contribution limitation in the first taxable year and that the limitation be adjusted for inflation beginning the second calendar year that the fund appears on the tax return. See Amendments 4, 5 and 6.

The term "checkoff" is used when tax money is used to finance a fund, such as the federal Presidential Election Campaign Fund. Since the California Birth Defects Research Fund contributions would be a taxpayer's own money and not money collected from taxes, the term "voluntary contribution fund" should be used to describe the fund. See Amendments 1, 2 and 3.

#### **BOARD POSITION**

Neutral.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to take a neutral position on this bill as introduced February 18, 1999.

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FRANCHISE TAX BOARD'S  
PROPOSED AMENDMENTS TO SB 493  
As Amended May 13, 1999

**AMENDMENT 1**

On page 2, line 11, strikeout "checkoff" and insert:  
contribution

**AMENDMENT 2**

On page 3, line 13, strikeout "checkoff" and insert:  
contribution

**AMENDMENT 3**

On page 3, line 15, strikeout "checkoff" and insert:  
contribution

**AMENDMENT 4**

On page 4, strikeout lines 16 through 18 and insert:  
taxable year following the taxable year the California Birth Defects Research Fund  
first appears on the return as provided in subdivision (f) of

**AMENDMENT 5**

On page 4, line 25 after "the first taxable year" insert:  
the California Birth Defects Research Fund appears on the return

**AMENDMENT 6**

On page 4, line 35 after "the second calendar year" and before "," insert:  
after the first taxable year the California Birth Defects Research Fund first appears  
on the return.